

**MINUTES OF THE
UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
BOARD OF DIRECTORS MEETING HELD ON
THURSDAY, AUGUST 20, 1992**

The meeting was called to order by Commissioner Hirschi and asked that Commissioner Hatch be excused.

The following individuals were present: Commissioner Scott Hirschi, Vice President; Dennis Ewing, Tooele County Clerk, Comptroller; Commissioner Dixie Thompson, Secretary/Treasurer; Commissioner Ken Brown; Sheriff Sid Groll; Davis County Deputy Attorney, Gerald Hess. Other present included: Brent Gardner, UAC Executive Director; Jess Hurtado, RBH Broker; Harry Bowes, Consultant; and Doug Alexander, Rollins Claims Manager.

MILLARD COUNTY RENEWAL

Ms. Thompson informed the Board that Millard County had been approached by Penco, through their local agent, to not join the UACIM in January. She suggested the UACIM should make contact with the Millard County Commissioner to seek their continued support. Mr. Gardner was asked to set up a meeting with Millard County.

Mr. Bowes suggested the UACIM provide Millard County a copy of the NACo Tillinghash audit of Penco.

MINUTES

The minutes of the July meeting were discussed. Mr. Brown made a motion that Mr. Blackham be noted as the second of the motion concerning the Emery County Fire District, that the word "would" be changed to "may" in the same motion, and identify the reference to bonds on page 4 means officials bonds. Motion seconded by Mr. Ewing. Motion carried.

GRAND COUNTY REFUND REQUEST

Mr. Gardner and Mr. Brown were asked to discuss the Grand County request for a refund of duplicate coverage. The problem arose as a result of fear by the County Clerk that UACIM coverage was inadequate and a direct order to continue coverage by the Commission. Mr. Hurtado noted that he had spent considerable time and additional visits to Grand County prior to the mutual operation to educate the Grand County personnel about the new Mutual.

Commissioner Blackham was concerned about Grand County's decision and what had caused them to change their mind. In further discussion, it was decided that it was an arbitrary call on the part of the county and not due lack of information or support by the board.

After further discussion, Mr. Blackham made a motion to table the Grand County request until the October meeting of the Board and invite the Commissioners to meet with the Board at that time. This motion was seconded by Commissioner Thompson and passed unanimously.

LITIGATION COMMITTEE REPORT

Commissioner Burningham was asked to present the litigation committee report. He discussed Cache County, Grand County, Sanpete County, Uintah County, and Utah County cases. The committee feels that the adjustment and defense of these cases are proceeding in favor of the Mutual.

CLAIMS REPORT

Mr. Alexander reported on many of the same cases as reviewed in the litigation committee report. Mr. Alexander explained that in the Cache County cases, the Mutual has only a marginal portion of the claim and is only involved to defend on civil procedures issues.

In the Uintah County case, Mr. Alexander reported that independent counsel, Mr. Pete Stirben, had a revision in the case and it was his opinion that under Utah law, the plaintiff could only collect once under the statutory \$250,000 limit.

Mr. Alexander recommended that he be authorized to hire a private investigator to work on the case and not to increase the settlement offer at this time. Mr. Groll made the motion to authorize use of a private investigator. Seconded by Mr. Ewing, and the motion carried.

LOSS PREVENTION ACTIVITIES

Mr. Nelson informed the Board that he has been visiting counties doing preliminary risk reviews based on a schedule he worked out with Mr. Gardner. He intends to begin more in-depth review, evaluating policies and procedures to resolve exposures. He mentioned he had found some counties were double covered in their health departments and sheriff's organizations.

The Loss Committees are now formed and Dave has met with the Sheriff's Association.

Mr. Nelson requested permission to join certain professional groups such as the American Society of Safety Engineers. The Board suggested the Mr. Nelson provide specific details of which organizations he would wish to have memberships in and they would be approved.

Mr. Hess asked if the risk reviews were in writing and, if so, if those would be made available to the Board. Mr. Nelson agreed to provide those written reviews to the Board.

FINANCIAL REPORT

Mr. Gardner reviewed the July financial report. 80% of the premiums are being used to operate the Mutual. 20% are going to build surplus. Kane County joined July 1, and has now paid its premium. A letter has been written to the State Treasurer's office directing them to accumulate the interest from the surplus contributions to the same account. Currently, the interest is being transferred to the Mutual operating funds accounts. There are 59 outstanding claims with reserves of more than \$200,000. In summary, from a financial point of view, the Mutual is right on target with the amounts projected for losses, etc. with those figures in our feasibility study. Were it not for the Uintah case, we would be far better than the projections.

BROKER REPORT

Mr. Hurtado reported that he had received the TPA agreement. Mr. Bowes has review it and recommends only one slight change and that we proceed with the final drafts.

RBH has agreed to re-write the brokerage agreement, therefore, it will take more time.

Mr. Hurtado agreed to check with the insurance department concerning the new certificate of authority.

Mr. Hurtado stated the Garfield and Davis County had requested assistance in placing an airport policy and a nurse program, respectively, both of which are outside the Mutual. National Union was approached to see if they are interested in taking surety coverage at renewal as requested by Mr. Hirschi. He also reported that he has sent out the renewal survey to member counties to start the renewal process.

Mr. Bowes went over the brokerage agreement, and although Mr. Gardner will do so at a later date, Mr. Bowes wanted to let the board know that the changes we had requested were made. One of the negotiating items under the obligation of client was the interest rate. The board had asked for prime plus 2%, and they have got it at 1.5% per month, which Mr. Bowes was sure is a corporate policy. Mr. Bowes recommended that the board accept the interest rate.

Another item of concern was a matter of wording on the contract. This clause dealt with RTS paying for the travel of RTS staff to the two annual meetings. Then any special things that the Mutual would ask them to do, such as seminars, would be reimbursed by the Mutual for their actual expenses.

Also, the board asked that the phrase "they would furnish to the client selected loss and information reports as identified" be deleted. The Mutual ought to be furnishing all the pertinent data. It is a proprietary proerty of the Mutual, and they agreed to that.

Once the contract is written in final form, it will be brought before the board and signed.

EMERY COUNTY FIRE DISTRICT

Ms. Karen Truman, Emery County Auditor, was introduced. She came to request an adjustment to the premium paid by Emery County to the Mutual since they had created a new fire district and separated that equipment and liability out of the Mutual. The district had purchased its own policy. Ms. Truman estimated that the new policy for the district would cost \$32,000. She estimates that approximately one-half of that amount relates to the equipment transferred from the County to the district.

Mr. Hurtado responded that he understood that any adjustment would be made at renewal, and that it would be treated as a credit in 1993.

After discussion, Mr. Brown made a motion to give Emery County a credit for the fire district no longer covered by the Mutual. Second by Leonard Blackham. Motion carried with one vote opposed. Mr. Hurtado was asked to work with Ms. Truman and determine what the proper amount of credit should be and it would be considered at the next meeting.

FUTURE MEETING DATES

The Board determined that it would hold its next meeting on September 30th in Price, at the Days Inn, prior to the USACCC Fall Workshop. The November meeting will be held at 10:00 a.m. in St. George on November 11, 1992. Mr. Hirschi will make the arrangements for the November meeting.

INSURANCE DEPARTMENT NEWSLETTER

Mr. Gardner passed out information from the insurance department seeking \$25 for its newsletter. Mr. Gardner was directed to pay the \$25.00

Meeting adjourned.

UAC Insurance Mutual Board of Directors

Emery County Courthouse - 12:00 Noon
Castle Dale, Utah
August 26, 1992

A G E N D A

1. Call to Order
2. Minutes
3. Grand County Cancellation
4. Litigation Committee Report
5. Claims Report
6. Loss Prevention Report
7. Financial Report
8. Report From the Broker
9. Consultant Report
10. Brokerage Agreement
11. Prima Meetings
12. Other

UAC Insurance Mutual

To: UACIM Board of Directors
From: Brent Gardner
Date: Tuesday, August 18, 1992
Subject: Notice of August Board Meeting

The August meeting of the Board of Directors was set at the previous Board meeting for Wednesday, August 26, 1992 at 12:00 Noon at the Emery County Courthouse in Castle Dale, Utah. Commissioner Dixie Thompson has graciously volunteered to host lunch for everyone as part of the meeting.

Attached is a copy of the agenda for the meeting along with the minutes from the previous meeting of July 29, 1992 and a mileage reimbursement form.

